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FLAX

The re-entry of Soviet flax on the world market in significant quantities since 1956 has caused considerable alarm on the part of the flax-producing countries, of Western Europe--Belgium France, and the Netherlands. Soviet exports increased from 5.5 million tons in 1955 to 27.5 million tons in 1956. In 1957, exports were even higher. (See Table 16). In 1956 the USSR became the world's largest exporter of flax. According to a report of the Textiles Committee of OEEC concerning the repercussions of Soviet flax exports on the flax market of member countries, flax supplies from the USSR in 1934-38 accounted for about 40 percent of member countries' total consumption of scutched flax and flax tow. This proportion fell to 2 percent from 1947 to 1955 but rose again to 13 percent in 1956 and 22 percent in 1957.

The producing countries, especially Belgium, consider Soviet entry into the flax market at lower-than-market prices to be a serious threat to their flax industries. Acreage devoted to flax growing has been reduced in Western Europe, apparently because of declining prices. On the other hand the UK, a large user and non-producer and also West Germany, regard the re-entry of Soviet flax on the world market with favor.

It is difficult to determine whether the Soviet Union intends to continue to sell flax on the Free World Market. Soviet production of flax increased from 310,000 tons in 1955 to 430,000 tons in 1956, but dropped to 360,000 tons in 1957. The 1965 goal has not been announced and the former 1960 goal envisaged a 35 percent increase over 1955--a goal

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achieved in 1956. Soviet output, however, still accounts for an overwhelming share of total world flax production, and the relatively small quantities of flax required to flood the flax market makes the USSR a potential factor in the flax fiber market.

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